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Pressler Amendment

Talking Points

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY *Zachary*

DATE *10/6/83*

RDS ☐ or XDS ☐ EXT. DATE

TS AUTH.

REASON(S)

DECLASSIFIED ☐

RELEASABLE ☒

RELEASE DENIED ☐

PA or FOI EXEMPTIONS

-- Passage of the Pressler Amendment would convey to the USSR the misleading impression that the United States is weakening in its resolve to force the Soviet Union to pay a

significant price for its aggression in Afghanistan. The Soviets may conclude that the United States is not prepared to back up its policies.

-- The partial grains embargo was not designed to cause the Soviets to withdraw from Afghanistan but to demonstrate that the United States would not continue on a "business as usual" basis while Soviet aggression continued.

-- The partial grains embargo is having significant impact on the sensitive Soviet livestock sector. The latest estimates put 1980 Soviet grain production at 185 MMT, about the same as the disastrous 1979 harvest. The two poor harvests back-to-back make the 8 million metric tons of grain denied the USSR in the 1979/80 agreement year a critical amount to subtract from livestock feed requirements. We expect to deny the Soviets a similar amount in 1980/81.

-- The Soviets will probably not be able to further draw down their already depleted grain stocks. Grain available for feed use will decline 10-15% next year. The Soviets will thus be forced to begin distress slaughtering of livestock within the near future, which will result in a temporary bulge in meat production followed by a sharp decline. Already meat production through September of this year is down 5% compared to the same period last year.

-- Within the Soviet Union lines to purchase meat are longer and consumers are grumbling. While it is unlikely that the discontent will explode as it did in Poland, there is no doubt that Soviet consumers are becoming increasingly dissatisfied as it becomes clear that the government will not be able to fulfill its promises to raise per capita meat consumption.

-- For the first time in many years a concerted Western action is having an impact within the Soviet Union, which is normally impervious to outside pressures.

-- Canada, Australia and the EC all agreed in May to continue restraining their grains exports to the USSR in the 1980/81 marketing year to traditional levels so as not to replace the grain withheld by the US. The system is still holding together as a result of the discussions of the major grain exporters in Adelaide November 10-14 at which the cooperating exporters all agreed to continue their policies of restraints. This amendment would undermine those Allied leaders who, at some risk to their own positions, have stressed the necessity of standing with the United States in its response to Soviet aggression.

-- The USG took action to offset the impact of the embargo domestically. The CCC purchased outstanding contracts for sales to the USSR; set up a 4 million metric ton reserve with embargoed wheat; and encouraged farmers to enter grain in the Farmer-Owned Reserve. Although grain prices did drop

after the embargo was announced they are now well above pre-embargo levels.

-- The amendment would supersede the discretionary authority of the President to control exports as authorized by the Congress in the Export Administration Act of 1979. Passage of the amendment would only confuse our Allies, our adversaries, and our own export community concerning the effectiveness of the embargo.

-- The partial grains embargo was a foreign policy response to the Soviet invasion. It was certainly not intended as a commercial or agricultural policy and should not be judged as such.

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